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Strategies of Business Units

Global Business Unit



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Global Business Unit results

	FY2023	YoY*
Gross profit	¥1,375.9 billion	+¥159.7 billion
Expenses	¥809.3 billion	+¥101.3 billion
Base expenses	¥746.8 billion	+¥58.2 billion
Net business profit	¥644.9 billion	+¥121.2 billion
Net income	¥318.2 billion	+¥27.6 billion
ROCET1	6.3%	+0.3%
Risk-weighted assets (RwA)	¥48.8 trillion	+¥0.1 trillion

* Figures are after adjustments for exchange rate impacts, etc.

Key strategies

Reinforcement of global CIB and S&T

Realizing growth through our multi-franchise strategy

Creation of businesses that contribute to medium-to long-term growth

Building infrastructure linked to the increasing diversity and complexity of business

We will strengthen our extensive business portfolio, including global CIB and multi-franchise strategy, and invest resources in priority areas to lead the Group as a growth driver.

We aim to be a global solutions provider that contributes to both our domestic and overseas customers on group-wide basis.

The business environment remained volatile in FY2023 amid an environment of ongoing inflation and high interest rates in excess of expectations, along with the rise of geopolitical risks such as the prolonged Russia and Ukraine situation and destabilization in the Middle East. At the same time, as the first year of our Medium-Term Management Plan, we were able to lay a foundation for further growth in FY2023. Specifically, we steadily strengthened our Global CIB business by expanding our areas of collaboration with Jefferies and enhancing our securities products. In our U.S. business, key area of focus, we also opened the digital bank “Jenius Bank” in July 2023 and launched the retail business. In this way, we are capturing growth areas and steadily promoting business diversification. In our multi-franchise strategy, we successfully strengthened our platform in target countries. We made SMFG India Credit Company, a non-bank business with an extensive network of sites in suburban and agricultural areas of India, a wholly-owned subsidiary.

While making such efforts toward growth, we are also steadily advancing initiatives to prepare resources for growth accompanied by quality, including selling shares of U.S.-based freight car leasing company SMBC Rail Services and major Vietnamese commercial bank Eximbank as components of our portfolio review. Through such efforts, we achieved revenue, profit, and ROCET1 growth in FY2023, along with steady progress in infrastructure improvements that will lead to future growth. I feel that our efforts are yielding fruit.

To achieve growth in excess of initial plans, in FY2024 we will continue investing resources in priority areas and will agilely move forward with reviews of our business portfolio and business model in response to changes in the business environment. As our business scale expands, so do stakeholders’ expectations toward solutions to global social issues. To address issues including the environment, poverty and inequality, DE&I, and human rights, we aim to maximize our impacts on society by accumulating knowledge across the Group and collaborating to leverage that knowledge.

Global Business Unit

Strengthening of global CIB

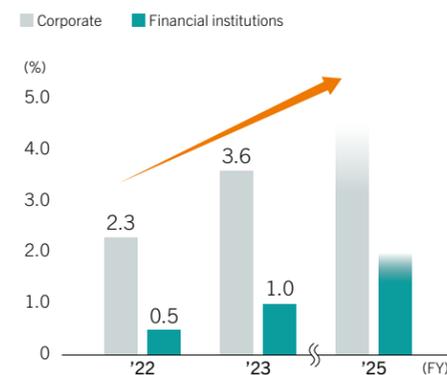
To accelerate our evolution into a global solutions provider, we will strengthen our provision of complex solutions that fully leverage our coverage team and will expand Group and global collaboration.

In our partnership with Jefferies, a pillar of our business, in FY2023 we expanded our areas of collaboration to the M&A advisory business and the equity and debt capital markets business. We are also steadily deepening the partnership through the expansion of target regions from the United States to Europe and Canada, and plan to continue widening such areas of cooperation.

We will also continue our efforts to expand business through the acceleration of primary and secondary cooperation and the strengthening of products. Our corporate bond underwriting was strong in FY2023. In addition to expanding our acquisition of mandates in Yankee bonds and Samurai bonds, we maintained our position at the top of the league table in the U.S. business development company (BDC, an investment company that funds unlisted mid-sized and emerging companies) market.

We are enhancing our solutions in the fields of the environment and climate change as well. While engaging with customers in sectors with high carbon intensity and effecting a transition toward decarbonization, we will also advance initiatives in the new energy sector and lead the field of sustainability.

Share of U.S. IG/DCM issuance

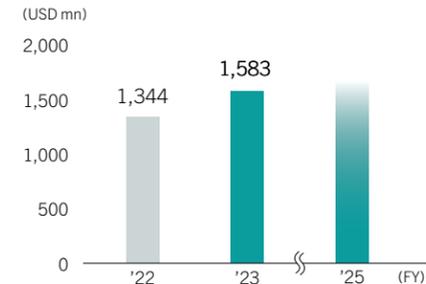


Expanding and deepening our U.S. business

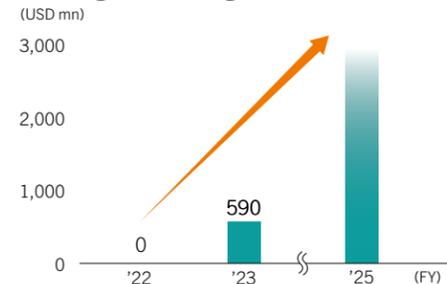
We will further concentrate Group resources in the U.S. market, the world's largest and most stable market, with the aim of driving the Group's growth.

In the wholesale business, we will continue to expand the Global CIB and S&T businesses while making a full-scale entry into the retail business to achieve medium- to long-term growth. The digital bank Jenius Bank, which we opened in July 2023 has begun offering savings deposits, personal loans, and other products to U.S. residents. In less than a year since its launch, it has surpassed \$1 billion in deposit balance and \$700 million in loan balance. Our policy from here on out will be to grow the business while increasing its product offerings to support customers at every stage of life. We will create differentiation from traditional banking services by introducing cutting-edge systems that enable quick and flexible addition of changes and by quickly reflecting feedback from customer analysis in products and services.

Net Business Profit from Americas Division



U.S. digital banking assets



Achieving growth in our multi-franchise strategy

Under a strategy of creating a "second and third SMBC Group" in the four fast-growing Asian countries of India, Indonesia, the Philippines, and Vietnam, we have advanced investment alliances with financial institutions in these countries to build a multi-franchise platform.

We will support business expansion of investee companies through capital increases and enhancement of governance, and will create synergies through knowledge sharing and business collaboration between SMBC Group and those companies, with the aim of becoming a top-tier financial institution in each of these countries.

To solve social issues, we are tackling the elimination of poverty and inequality by providing microfinance in India and Indonesia. Our Medium-Term Management Plan sets out a goal of increasing microfinance borrowers by another 800,000 in the two countries combined. To eliminate poverty and inequality throughout society as a whole, we are also developing social contribution programs such as education on financial basics and seminars for small and medium-sized business owners, not limited to SMBC Group customers.

See page 090 for more information on our multi-franchise strategies.

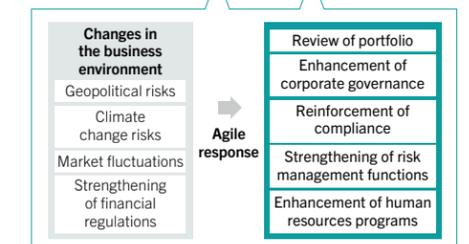
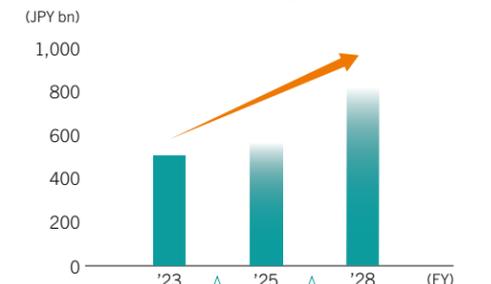


Corporate infrastructure development

As geopolitical risks, climate change risks, market fluctuation risks, and regulatory strengthening advance, it is increasingly important that we capture early signs of these and respond with agility. With this in mind, we will expand our overseas business while also further reinforcing our corporate infrastructure.

As a concrete action, we opened a representative office in Washington DC in October 2023. Through this office, we will undertake relationship building with a wide range of stakeholders, including financial authorities and government-related organizations, and will strengthen our capabilities for information collection and communication. To accelerate agile and efficient input of resources in response to changes in the business environment, we will develop data and business infrastructure to enable higher-level, clearer management of revenue and profit indicators in every business segment. We will also utilize the expertise of our diverse human resources to reinforce governance and compliance that support the growth of increasingly diversified and complex businesses, and to raise the level of our risk management. While continuing the active promotion of locally hired overseas employees, we are enhancing our global human resources structure through means including the setting of gender KPIs to increase the number of women on our global management team to achieve diversity.

Global Business Unit Net Business Profit*



* Calculated as \$1 = ¥120